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**FISCAL IMPACT STATEMENT**

**LS 6533**

**BILL NUMBER:** HB 1335

**NOTE PREPARED:** Jan 18, 2011

**BILL AMENDED:**

**SUBJECT:** Tax Court Proceedings.

**FIRST AUTHOR:** Rep. Smith M

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** ☒ **GENERAL**  
**DEDICATED**  
**FEDERAL**

**IMPACT:** State

**Summary of Legislation:** This bill requires the Indiana Tax Court to try de novo appeals from final determinations of the Indiana Board of Tax Review and the Distressed Unit Appeal Board.

**Effective Date:** July 1, 2011.

**Explanation of State Expenditures:** (Revised) *Summary-* Depending on the number of cases filed, this bill could increase the need for the Indiana Tax Court to add a law clerk or to use senior judges more frequently. Expenditures for senior judge per diems are paid out of the Supreme Court budget appropriations.

*Background-* Under current law, taxpayers petition the State Board of Tax Review (SBTR) to consider adjustments to property assessments, and whether further exemptions, deductions, or refunds should be granted when determining the tax bill. The current procedure used by the SBTR to review petitions by taxpayers involves an administrative law judge hearing evidence from both the assessors and the petitioner, allow for rebuttals between the parties, and to examine any written evidence presented to the hearing officer. Taxpayers who wish to challenge the decisions made by the SBTR may file a petition with the State Tax Court, which will review the record of the case and issue a judgment concluding whether the SBTR's decision complied with current statutory and constitutional law and was supported by substantial or reliable evidence and was not arbitrary or capricious.

Of the Tax Board's current workload, the relative proportion of appeals that is filed from the SBTR has been trending lower in recent years. In CY 2008 and 2009, the percent of appeals from the SBTR has been almost one quarter of the total cases as compared to the early part of the decade.

<b>Appeals Filed in Indiana Tax Court by Calendar Year</b>										
<b>Appeals from</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Board of Tax Review	82	79	99	24	23	36	46	28	17	23
Department of Revenue	<u>49</u>	<u>27</u>	<u>42</u>	<u>35</u>	<u>37</u>	<u>61</u>	<u>66</u>	<u>52</u>	<u>55</u>	<u>60</u>
Total	<u>131</u>	<u>106</u>	<u>141</u>	<u>59</u>	<u>60</u>	<u>97</u>	<u>112</u>	<u>80</u>	<u>72</u>	<u>83</u>
% from SBTR	63%	75%	70%	41%	38%	37%	41%	35%	24%	28%

The method of disposition will also determine whether the workload will increase. The Tax Board reports that most cases are either settled or dismissed. Cases that are settled or dismissed will presumably take less time to dispose than if written opinions have to be issued.

<b>Method of Disposition All Cases in State Tax Court By Calendar Year</b>										
	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Settled/Dismissed	97	256	83	105	32	71	70	48	52	50
Opinions/Merits	35	4	54	62	58	56	27	37	15	25
Others*	<u>0</u>	<u>0</u>	<u>5</u>	<u>2</u>	<u>2</u>	<u>1</u>	<u>3</u>	<u>1</u>	<u>2</u>	<u>0</u>
Total	<u>132</u>	<u>260</u>	<u>142</u>	<u>169</u>	<u>92</u>	<u>128</u>	<u>100</u>	<u>86</u>	<u>69</u>	<u>75</u>
% Settled or Dismissed	73%	98%	58%	62%	35%	55%	70%	56%	75%	67%
* Includes opinions, involuntary dismissals, and transfers.										

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Indiana Tax Court.

**Local Agencies Affected:**

**Information Sources:** Judge Thomas Fisher, Indiana Tax Court; *Indiana Judicial Reports* 2000 – 2009.

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